

# Issues Relating to Health Professions Bureau

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June 2002

Health and Child Care Issues  
Evaluation Committee

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Indiana Legislative Services Agency

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## **Legislative Evaluation and Oversight**

The Office of Fiscal and Management Analysis is a Division within the Legislative Services Agency that performs fiscal, budgetary and management analysis. Within this office teams of program analysts evaluate state agency programs and activities as set forth in IC 2-5-21.

The goal of Legislative Evaluation and Oversight is to improve the legislative decision-making process and, ultimately, state government operations by providing information about the performance of state agencies and programs through evaluation.

The evaluation teams prepare reports for the Legislative Council in accordance with IC 2-5-21-10(c). The published reports describe state programs, analyze management problems, evaluate outcomes, and include other items as directed by the Legislative Evaluation and Oversight Policy Subcommittee of the Legislative Council. The report is used by an evaluation committee to determine the need for legislative action.

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## Preface

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Each year, the Legislative Services Agency prepares reports for the Legislative Council in accordance with IC 2-5-21. In accordance with Legislative Council Resolution 01-09, this report concerns issues relating to the licensing of health professions by the Health Professions Bureau. It has been prepared for use by the Evaluation Committee.

We gratefully acknowledge all those who assisted in the preparation of this report.

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## Summary

# *Health Professions Licensing: Health Professions Bureau Program Evaluation*

The Legislative Council, in reaction to increases in health profession licensing fees, issued Resolution 01-09, in which the Legislative Services Agency was instructed to perform an evaluation of the fees collected by HPB with analysis of (1) the manner in which fees are established; (2) use of revenues collected; and (3) the flow of funds between the State General Fund and the licensing boards.

In Indiana, there are 24 statutorily recognized boards and committees representing health care providers. The statute allows boards and committees to provide standards and regulation for their industries, although the specific duties of each board or committee may vary. The Health Professions Bureau (HPB) provides administrative support to the boards and committees. Statute allows most boards and committees to set or recommend fees, deposit funds, and receive appropriations.

Most often, the boards or committees establish fees sufficient to provide for the expenditures of the board or the operation of the chapter of the Code. Statute requires the fee revenues for each board or committee to be deposited in the State General Fund. The expenditures of the board or committee are appropriated from the State General Fund for the Bureau to pay board expenses and other costs incurred performing the responsibilities assigned in statute. In 1981, sections were added to the Indiana Code that sought to make the boards and committees operate in a more uniform manner. Under IC 25-1-8-2, the boards cannot approve fees less than all of the direct and indirect costs of operating the board.

A review of the fee revenues and HPB expenditures shows that from 1996 to 2001, the State General Fund fee revenues exceeded the General Fund expenditures by \$2.9 million, with the State General Fund surplus for 1996 totaling \$1.9 million. From a long-term perspective, this analysis suggests that the fee revenues from all boards and committees are not less than the direct and indirect costs of all boards and committees. Expenditures are not tracked in the State accounting system or by the Bureau on a board by board basis.

The direct and indirect costs were allocated to boards and committees for purposes of evaluating compliance with IC 25-1-8-2. Allocating costs to boards and committees based on the number of licenses issued results in a per license expenditure of \$22.24. However, when these costs are allocated by a method that takes into account other functions of the HPB, boards, and committees, the expenditure per license varies among the boards from \$12.22 to \$77.76. Each of these methods had certain shortcomings in estimating the board and committee costs, but showed that understanding the processes of the HPB is important, especially when the Legislature is asked to consider authorizing a new board or committee to license professionals.

The fee increases requested by most boards and committees are estimated to increase State General Fund revenues by \$11.6 million biannually, assuming that expenditures do not increase and that the number of new applicants is similar to 2001. The fee increase made Indiana's fee structure comparable to the fees levels in other states, but Indiana's fees will still remain lower than the fee charged by other states for certain professions. Having fees on par with other states may reduce the number of practitioners who are licensed in Indiana, but practice elsewhere. This report was unable to find that when a practitioner maintains a license in Indiana while practicing elsewhere Indiana incurs a greater cost.

# Section 1. Introduction

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Resolution 01-09 instructs the Legislative Services Agency to prepare an evaluation concerning health professions licensing fee revenues.

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The process for setting, receiving, and expending license fee revenues was highlighted recently when the biennial licensing fees for registered nurses increased from \$20 to \$50. In 2001 and 2002, the health care professions boards and committees adopted new administrative rules to increase the

fees charged to health care providers for state licensure. The Legislative Council, in reaction to these changes, issued Resolution 01-09, in which the Legislative Services Agency was instructed to perform an evaluation of the fees collected by HPB with specific analysis of the:

1. Manner in which fees are established.
2. Use of revenues collected.
3. Flow of funds between the State General Fund and the licensing boards.

The information requested by the Legislative Council is provided by reviewing the statutes that govern licensing boards and committees. These statutes specify the manner in which fees are established and guide the flow of funds from the collection of fees to the expenditures of health care professional boards, committees, and the HPB.

The operations of the HPB and its budget are examined to determine how the revenues collected are used and to describe the services offered to the professionals who pay these fees. In addition, details are provided on the proposed or enacted fee increases to determine the effect of these changes on the HPB and the boards and committees. Finally, to evaluate fee rates, a comparison between Indiana and other states is included.

## Section 2. Overview of Health Professions Licensing

### Background: Statutory Requirements

#### *Powers & Duties*

In Indiana, there are 24 statutorily recognized boards and committees representing health care providers such as doctors, nurses, pharmacists, physical therapists and hypnotists<sup>1</sup> (See Appendix I for a complete list of the boards and committees, their licensees, and their statutory renewal dates). The statute allows boards to provide standards and regulation for their industry, although the specific duties of each board may vary. In Exhibit 1, the activities of the boards and committees sanctioned in law are divided into standard-setting functions and regulatory functions.

The standard-setting functions may include: (1) approving educational programs for training new entrants to the profession or for continuing professional education of existing providers; (2) adopting the requirements to enter the profession or maintain membership in the

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State Statute allows 24 boards and committees to develop standards and regulations for their professions.

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profession; and (3) setting license fees. The regulatory functions of the boards and committees include: (1) initial issue or renewal of professional licenses, certificates, or registration; (2) disciplinary action against wrongdoers; (3) assisting the rehabilitation of impaired providers<sup>2</sup>; and (4) investigation or inspection of providers or worksites.

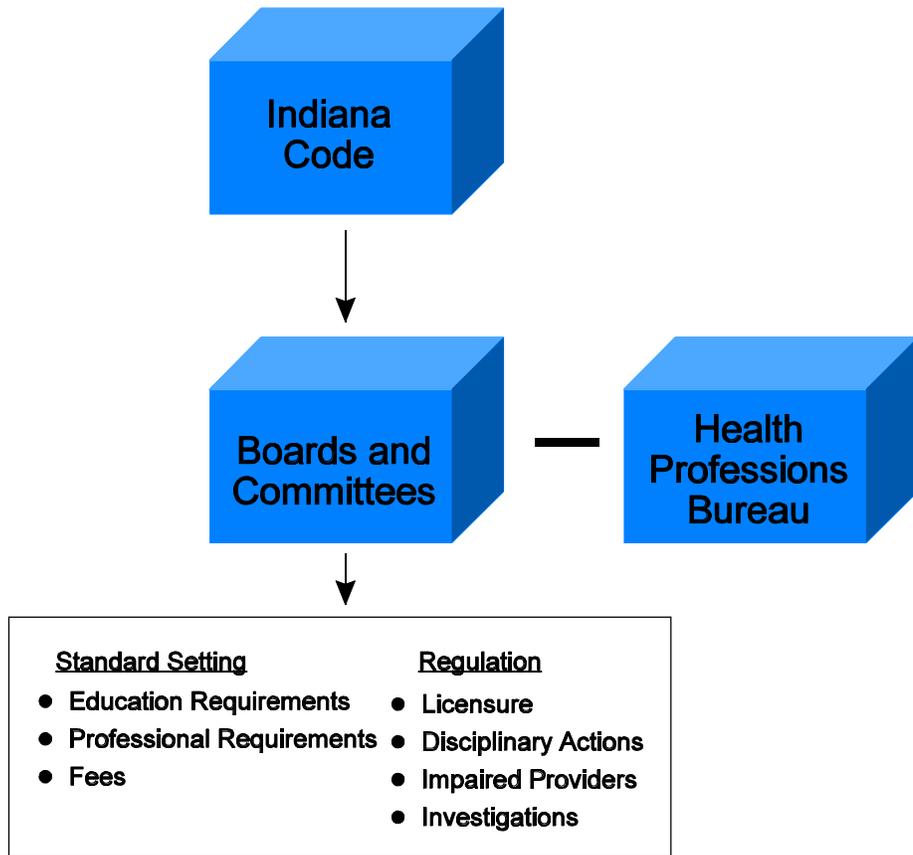
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<sup>1</sup>Throughout this report, 21 boards and committees are listed in the exhibits. The Indiana Controlled Substance Advisory Committee and the Indiana Optometric Legend Drug Prescription Advisory Committee do not license practitioners separate from the Indiana State Board of Pharmacy. Throughout this report, these committees are included with the Indiana State Board of Pharmacy. The Acupuncture Committee was established in 1999, and had not licensed any practitioners or received any revenue in the time period of this report and is not separately identified from the Medical Licensing Board.

Also, committees do not have the statutory authority to adopt policy. Instead, committees recommend policy to boards that oversee them who are authorized in statute to adopt the policy recommended by committee. Most of the committees established in the Indiana Code are overseen by the Medical Licensing Board, and some are overseen by the Indiana Pharmacy Board.

<sup>2</sup>An impaired provider is a licensed health care professional who has become involved with drugs or alcohol. There are specific funds established in statute to assist nurses and pharmacists, and the funds are overseen by the profession's board.

**Exhibit 1. Functions of Statutorily Recognized Boards and Committees.**



Also illustrated in Exhibit 1, the HPB provides administrative support to the boards and committees in providing standards and regulations. Indiana Code (IC) 25-1-5-4 states that as administrator, the Bureau is responsible for:

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The statute assigns administrative duties to the HPB including budget preparation for the health professions boards and committees.

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1. Notice of board meetings and other communication services.
2. Recordkeeping of board meetings, proceedings, and actions.
3. Recordkeeping of all persons licensed, regulated, or certified by a board.
4. Administration of examinations.
5. Administration of license or certificate issuance or renewal.

According to statute, the HPB is also responsible for preparing the budget of the various boards and committees. The statute allows the Bureau to consolidate the budget requests of the boards and committees and urges the HPB to

“coordinate licensing or certification renewal cycles, examination schedules, or other routine activities to efficiently utilize bureau staff, facilities, and transportation resources, and to improve accessibility of board functions to the public; and consolidate, where feasible, office space, recordkeeping, and data processing services.” (IC 25-1-5-4)

Most boards and committees are enabled in statute to set or recommend fees, deposit funds, and receive appropriations. The statutes establishing these activities for each board or committee are summarized in Exhibit 2.

**Exhibit 2. Enabling Act Standards for Revenues and Expenditures of Health Profession Boards and Committees.**

<b>Board/ Committee and Indiana Code Section</b>	<b>Setting License Fees</b>	<b>Disposition of Revenues</b>	<b>Expenditures of General Fund Appropriations</b>
Indiana Board of Veterinary Medical Examiners (15-5-1.1)	Set by the Board; Sufficient to implement the chapter	Not specified	Not specified
Acupuncture Committee (25-2.5)	See Medical Licensing Board		
Indiana Athletic Trainers Board (25- 5.1)	Set by the Board	Not specified	Not specified
Board of Chiropractic Examiners (25-10)	Chiropractors - Inactive license renewal fee is ½ regular fee  Chiropractic Management Consultant - set by the Board	General Fund	Funds appropriated to the Board are used only to administer the chapter
State Board of Dentistry (25-13 and 25-14)	Set by the Board; Must be sufficient to implement IC 25-13 and IC 25-14	General Fund	Chapter expenditures paid from the General Fund by appropriation
Indiana Dietitians Certification Board (25- 14.5)	Set by the Board under IC 25-1-8-2; Inactive license renewal fee is ½ regular fee	Not specified	Not specified

<b>Board/ Committee and Indiana Code Section</b>	<b>Setting License Fees</b>	<b>Disposition of Revenues</b>	<b>Expenditures of General Fund Appropriations</b>
Indiana State Board of Health Facility Administrators (25-19)	Set by the Board	General Fund	Chapter expenditures paid from the General Fund by appropriation
Committee of Hearing Aid Dealer Examiners (25-20)	See Medical Licensing Board		
Indiana Hypnotist Committee (25-20.5)	See Medical Licensing Board		
Medical Licensing Board of Indiana (25-22.5)	Set by the Board for Acupuncturist & Hearing Aid Dealer  Recommended by committee and adopted by Board for Occupational Therapist, Hypnotist, Physician Assistant, Physical Therapist, Respiratory Care Practitioner	General Fund	Board expenditures paid from the General Fund by appropriation. The amount expended by the Board shall not exceed the amount collected by the Board from all sources.
Indiana State Board of Nursing (25-23)	Set by the Board; Additional \$3 fee for support of the impaired nurses fund for Registered Nurse and Licensed Practical Nurse	General Fund	Board expenditures paid from the General Fund by appropriation
Occupational Therapy Committee (25-23.5)	See Medical Licensing Board		
Social Worker, Marriage and Family Therapist, and Mental Health Counselor Board (25-23.6)	Set by the Board under IC 25-1-8	Not specified	A separate section of the Board is created for each profession represented by the Board
Indiana Optometry Board (25-24)	\$34 fee for optometry school account	Not specified	Not specified

<b>Board/ Committee and Indiana Code Section</b>	<b>Setting License Fees</b>	<b>Disposition of Revenues</b>	<b>Expenditures of General Fund Appropriations</b>
Indiana Board of Pharmacy (25-26)	Pharmacy, Pharmacist, Wholesale Legend Drug Distributor, and Controlled Substances Manufacture or Distribution - set by the Board sufficient to carry out the chapter  Nonresident Pharmacy - set by the Board; "reasonable and not to exceed the costs to the Board"  Optometrist Legend Dispenser - set by the Indiana Optometric Legend Drug Prescription Advisory Committee  Up to \$10 fee for the impaired pharmacist account for Pharmacists.	General Fund	Not specified
Indiana Physical Therapy Committee (25-27)	See Medical Licensing Board		
Physician Assistant Committee (25-27.5)	See Medical Licensing Board		
Board of Podiatric Medicine (25-29)	Set by the Board under IC 25-1-8-2	General Fund	Not specified
Board of Environmental Health Specialists (25- 32)	Set by the Board	General Fund	Chapter expenditures paid from the General Fund by appropriation
State Psychology Board (25-33)	Set by the Board	General Fund	Chapter expenditures paid from the General Fund by appropriation
Respiratory Care Committee (25-34.5)	See Medical Licensing Board		

<b>Board/ Committee and Indiana Code Section</b>	<b>Setting License Fees</b>	<b>Disposition of Revenues</b>	<b>Expenditures of General Fund Appropriations</b>
Speech-Language Pathology and Audiology Board (25-35.6)	Set by the Board under IC 25-1-8-2	Refer to IC 25-1-8-2	Expenditures incurred by the board cannot exceed the fees collected.
Controlled Substances Advisory Committee (35-48-2 and 35-48-3)	See Indiana Board of Pharmacy		
Note: Where the procedure for setting and receiving fees is not specified in the enabling statute of a board or a committee, IC 25-1-8-2, enacted in 1981, provides the procedure.			

### ***Fee Revenue & General Fund***

As seen in Exhibit 2, the enabling acts of most boards and committees require the board or committee to establish fees sufficient to provide for the expenditures of the board or the operation of the chapter of the Code. These statutes require the fee revenues for each board or committee to be deposited in the State General Fund. Where the fee level or disposition of revenue has not been specified, IC 25-1-8-2 provides this same outline for the boards and committees. Generally, the enabling acts for new boards or committees does not include a detailed description of the fee levels, or disposition and expenditure of funds because IC 25-1-8-2 provides the procedure for setting fee levels and disposition of fees received. The expenditures of the board or committee are appropriated from the General Fund for the Bureau to pay board expenses and other costs incurred performing the responsibilities assigned in statute. The typical flow of fee revenues and appropriations found in statute is illustrated in Exhibit 3.

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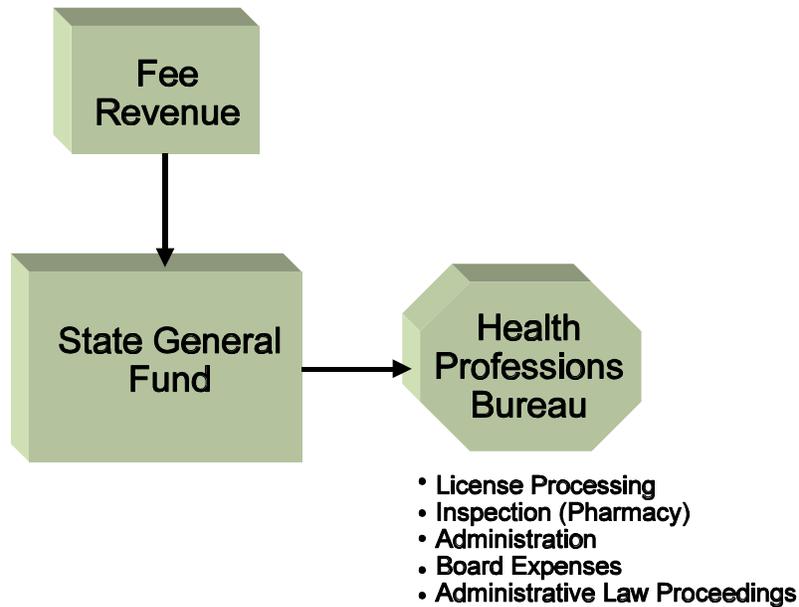
**Fee revenues are deposited  
in the State General Fund.**

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### Exhibit 3. Flow of Health Profession Licensure Fee Revenue.



#### ***Statute Applying to All Boards and Committees***

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Boards cannot approve fees less than all of the direct and indirect costs of operating a board.

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In 1981, sections were added to the Indiana Code that sought to make the boards and committees operate in a more uniform manner. These sections include general provisions that curtail some of the discretion of the boards and committees. For example, under these provisions, boards cannot set fees of less than \$10 (unless the fee reimburses for a miscellaneous expenditure), nor can the boards approve fees less than all of the direct and indirect costs of operating the board (IC 25-1-8-2).<sup>3</sup> Assessing whether fees equal the direct and indirect costs of each board, however, is difficult. This is because: (1) the fees do not directly pay for the operations of the boards or committees; (2) the HPB is instructed to consolidate budgets and functions where feasible; (3) for the most part, fee revenues are received on a biannual cycle while expenditures are incurred continually; and (4) the boards collect fees for a variety of functions, such as penalties or temporary permits, and for which expenditures and revenues may vary from year to year.

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<sup>3</sup>IC 25-1-8-2 was enacted in 1981 and, generally, boards or committees established after the section was enacted are subject to it in their enabling legislation. IC 25-1-8-2 indicates that the section should be applied 'notwithstanding' other provisions in the Indiana Code.

## Bureau Operations

### *Initial Application*

The examinations required for admittance to a profession are, for the most part, provided by a third party. The individual submits an application and pays fees to the Bureau to register for the examination. The HPB receives the results of the examination from the third party provider and either completes an initial license for an individual who passes or sends a letter explaining the procedure to reapply for the examination to an individual who fails.

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Initial health profession licensure may be based on proficiency examination of the applicant and board review of an admissions application.

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In addition to applying for a certification examination, an applicant to a profession must apply for admission. The application includes providing professional credentials and completing a self-report with several questions concerning criminal activity, substance use, and professional privilege (See Appendix II for an example of the questions asked of new applicants for a license to practice medicine or osteopathic medicine in Indiana). Once the Bureau staff receives and deposits the fees and reviews the candidate's qualifications, the board will consider the candidate for approval. In some cases, boards or committees have delegated to the HPB staff the authority to review applications and approve applicants for licensure, based upon established guidelines. While most candidates require minimum consideration by the board, some marginal candidates may make a personal appearance prior to consideration, which is not regarded as a formal process of the board. A candidate who has been denied admission may attend a board meeting (often with an attorney) to appeal the denial.

### *Renewal Application & Disciplinary Action*

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Practitioners renewing a license answer questions about drug use, felony convictions, and professional privilege.

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A practitioner renewing a license receives a notice of expiration from the HPB which includes a self-report similar to the one provided to a new candidate. If there is a positive answer concerning substance use, felony convictions, or professional privilege revocation, the practitioner most often will make a personal appearance before the board. If a board has a concern about

renewing the license of a practitioner, the board may (1) issue a license renewal and file a complaint with the Attorney General; (2) request that the Attorney General conduct an investigation; or (3) renew the license and place the practitioner on probation. Disciplinary

sanctions include a letter of reprimand, censure, probation, suspension, revocation, and fines.

According to IC 25-1-7, the Office of the Attorney General is responsible for investigating and prosecuting complaints against practitioners in front of the board that licenses the practitioner. Investigation and prosecution costs are budgeted by the Attorney General's Office. Cases brought before the board may be heard by board members sitting as administrative law judges or by contracted administrative law judges.

In 2001, the boards and committees heard 123 disciplinary complaints from the Attorney General. In addition to these hearings, in 2001, boards and committees heard 248 other matters including petitions for review, summary suspensions, reinstatement, probation modification or withdrawal, show cause, and miscellaneous issues. The number of hearings and the number as a percentage of licenses for each board or committee is shown in Exhibit 4.

**Exhibit 4. Disciplinary Hearings Held in 2001 by Health Professions Boards and Committees.**

<b>Board or Committee</b>	<b>Number of Hearings</b>	<b>Percentage of Licenses</b>
Indiana Board of Veterinary Medical Examiners	11	0.4%
Acupuncture Committee (a)(b)	3	n/a
Indiana Athletic Trainers Board	1	0.2%
Board of Chiropractic Examiners	15	1.3%
State Board of Dentistry	11	0.1%
Indiana Dietitians Certification Board	0	0.0%
Indiana State Board of Health Facility Administrators	16	1.2%
Committee of Hearing Aid Dealer Examiners (a)	4	1.9%
Indiana Hypnotist Committee	0	0.0%
Medical Licensing Board of Indiana	64	0.3%
Indiana State Board of Nursing	187	0.2%
Occupational Therapy Committee	0	0.0%
Social Worker, Marriage and Family Therapist, and Mental Health Counselor Board	29	0.3%
Indiana Optometry Board	0	0.0%
Indiana Board of Pharmacy (c)	22	0.1%

<b>Board or Committee</b>	<b>Number of Hearings</b>	<b>Percentage of Licenses</b>
Indiana Physical Therapy Committee	3	0.1%
Physician Assistant Committee	0	0.0%
Board of Podiatric Medicine	3	0.8%
Board of Environmental Health Specialists	0	0.0%
State Psychology Board	7	0.4%
Respiratory Care Committee	2	0.1%
Speech-language Pathology and Audiology Board	<u>0</u>	0.0%
Total	<u>378</u>	n/a

(a) Acupuncture Committee and Hearing Aid Dealer Advisory Committee hearings are conducted by the Medical Licensing Board; (b) Acupuncture Committee had no licensees during the time for which information was available; (c) Two hearings before the Indiana Controlled Substance Advisory Committee were counted with the matters heard before the Indiana Board of Pharmacy.

### ***Increases in Consumer Complaints***

The Attorney General's office receives consumer complaints against practitioners. Although these complaints do not correspond to the number of disciplinary actions in which the boards and committees are involved, the number of complaints may indicate a trend for the boards and committees. According to data from 1998 to 2001, the number of consumer complaints has increased 82%. Not only have the number of complaints per board or committee increased in most cases, but as more boards and committees are created, the number of consumer complaints as a whole have increased, as illustrated in Exhibit 5.

**Exhibit 5. Health Professions Consumer Complaints Received by the Attorney General's Office.**

<b>Board or Committee</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>Average Annual Change</b>
Indiana Board of Veterinary Medical Examiners	45	68	47	69	22.3%
Indiana Athletic Trainers Board	0	1	2	0	100.0%
Board of Chiropractic Examiners	36	18	20	41	22.0%
State Board of Dentistry	81	62	82	89	5.8%
Indiana Dietitians Certification Board	0	0	0	0	0.0%
Indiana State Board of Health Facility Administrators	21	2	179	90	2903.3%
Committee of Hearing Aid Dealer Examiners	42	27	28	29	-9.5%
Indiana Hypnotist Committee	0	1	1	4	150.0%
Medical Licensing Board of Indiana	339	291	340	526	19.1%
Indiana State Board of Nursing	195	163	294	521	47.1%
Occupational Therapy Committee	1	1	1	2	33.3%
Social Worker, Marriage and Family Therapist, and Mental Health Counselor Board	24	21	35	60	41.9%
Indiana Optometry Board	23	25	20	20	-3.8%
Indiana Board of Pharmacy (b)	35	44	40	69	29.7%
Indiana Physical Therapy Committee	8	7	10	8	3.5%
Physician Assistant Committee	2	1	1	2	16.7%
Board of Podiatric Medicine	7	13	13	13	28.6%
Board of Environmental Health Specialists	0	0	0	0	0.0%
State Psychology Board	12	15	31	27	39.6%
Respiratory Care Committee	0	1	59	16	2863.6%
Speech-language Pathology and Audiology Board	<u>1</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>0.0%</u>
<b>Total</b>	<b><u>647</u></b>	<b><u>2,761</u></b>	<b><u>3,203</u></b>	<b><u>3,588</u></b>	<b><u>25.7%</u></b>

Source: Attorney General's Office.  
Note: Average annual change is the average of change between years reported.

## ***Continuing Education Audits***

Health professionals seeking renewal of their licenses are required to accumulate continuing professional education credits. In addition to its other responsibilities, the HPB performs audits of continuing professional education credits. Each year, as a board or committee renews its licensees, a certain percentage of practitioners are contacted by the Bureau to provide proof that they have taken the required number of course hours. The percentage of renewals considered varies by board or committee. The boards and committees for which continuing education audits were completed in 2001 are shown in Exhibit 6.

### **Exhibit 6. Health Professions Bureau Continuing Education Audits for 2001.**

<b>Board or Committee</b>	<b>Number Audited</b>	<b>% of Licensees (a)</b>
Board of Chiropractic Examiners	79	7.0%
Respiratory Care Committee	286	13.2%
Social Worker, Marriage and Family Therapist, and Mental Health Counselor Board (b)	101	1.1%

(a) Calculated by LSA based on the number of licensees on June 30, 2001; (b) Most Mental Health Counselors were exempt from the audit in 2001 because this is a newly regulated profession. The overall percentage audited for this board may be lower as a result.

## ***Board and Commission Administration***

On average in 2001, boards and committees met six times with eight boards or committees meeting nine or more times.<sup>4</sup> The HPB assigns a board director for each board or committee to carry out and organize the boards' or committees' workloads. A board director may serve more than one board or committee. A review of the board and committee minutes from 2001, indicates that the issues most frequently dealt with include: the admission of marginal candidates to the profession, the disposition of licenses for wrongdoers, curricula for professional programs, and proposed rule changes.

## ***Cyclical Renewal Activity***

The licensure work of the Bureau is cyclical for two reasons: (1) the various professions renew at different times of the year; and (2) licenses, certificates, and registrations are most often issued for two years at a time. The Bureau provided information on the

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Application and renewal processing activity varies both by month and year.

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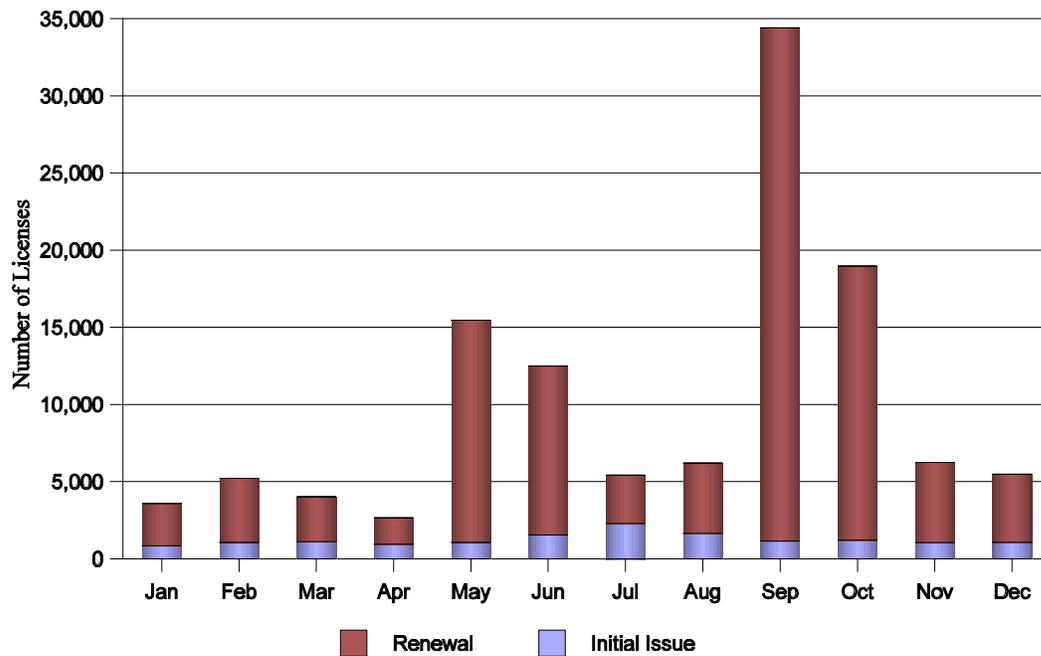
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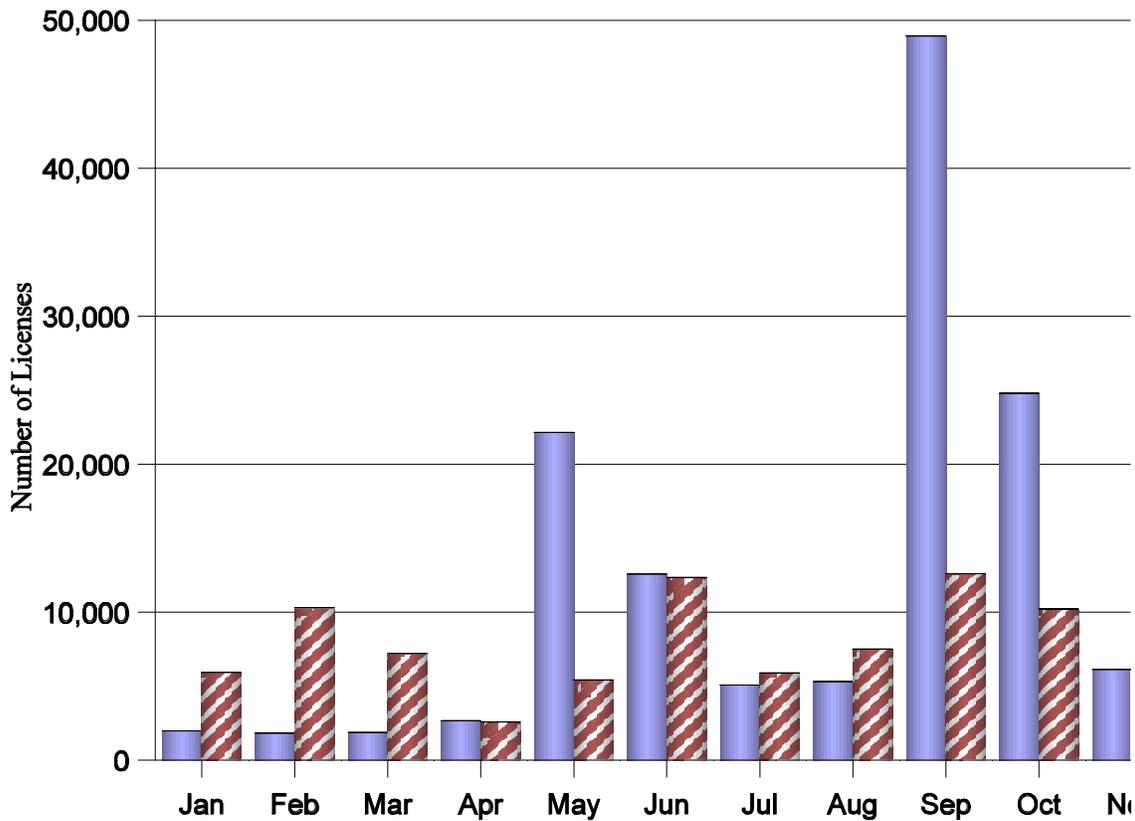
<sup>4</sup>Although minutes are available from the HPB, the average is estimated based on a review of the minutes available on the HPB website. The estimate may understate the number of actual meetings and the average time because minutes were not available on the website for each meeting, and the start and stop times were not recorded in each case. In addition to the meetings of the full board, subcommittees of the boards and committees met and administrative law judge sessions were held.

initial licenses issued and the number of renewals processed by month from 1997 to 2000. As seen in [Exhibit 7](#), on average, the greatest workload for initial applications falls between June and August, and the greatest number of renewals are processed in May, June, September, and October. The effects of biennial licensing can be seen in more detail in [Exhibit 8](#), which shows the average monthly workload separated by odd or even year. In both [Exhibits 7 and 8](#), the renewal of professions with large memberships greatly increases licensure workload. Another renewal anniversary, such as the practitioner’s birthday, could even out licensure workload for the HPB. However, the Bureau indicates that the common renewal date allows for the bulk mailing of notices of expiration, and other organizations, such as hospitals, to monitor the renewal of their employees. Additionally, the HPB uses lockboxes for license renewal reducing the workload of direct employees.

**Exhibit 7. HPB Average Monthly Licensing Activity (1997-2001).**



**Exhibit 8. HPB Average Monthly Licensing Activity By Even or Odd Year.**



### **Section 3. HPB: Revenue & Expenditures**

#### **Fee Revenue and Expenditure History**

The net board fee revenues deposited in the State General Fund and the extent to which they are in surplus or deficit when compared with General Fund expenditures for the HPB, are shown in Exhibit 9. From 1996 to 2001, the General Fund fee revenues exceeded the General Fund expenditures by \$2.9 million, with the General Fund surplus for 1996 totaling \$1.9 million. In 1996, an executive order resulted in an administrative rules change reducing most board fees (see Appendix III for the change in fees in 1996).

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**On average between 1997 and 2000,  
fee revenue exceeded costs by  
\$271,000 per year.**

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From a long-term perspective, this analysis suggests that despite the decrease in fees, the fee revenues from all boards and committees are not less than the direct and indirect costs

of all boards and committees. The annual average surplus from 1997 through 2000 is \$271,000 per year. The expenditures of the Bureau and the revenues of the boards and committees are examined in more detail to determine whether each board or committee generates sufficient revenues to provide for their own expenditures.

**Exhibit 9. Revenues and Expenditures of the Health Professions Bureau (1996 - 2001).**

	1996	1997	1998	1999	2000	2001
<i>Fee Revenues:</i>						
Indiana Board of Veterinary Medical Examiners	\$144,957	\$11,431	\$82,655	\$10,821	\$84,277	\$12,270
Indiana Athletic Trainers Board					3,083	13,830
Board of Chiropractic Examiners	56,634	19,258	27,363	25,109	30,546	11,785
State Board of Dentistry	305,298	23,148	183,756	17,839	186,110	61,243
Indiana Dietitians Certification Board		580	835	19,120	1,400	20,820
Indiana State Board of Health Facility Admin.	27,782	36,834	12,508	36,747	7,955	36,182
Committee of Hearing Aid Dealer Examiners	8,058	5,585	5,370	3,860	4,285	4,075
Indiana Hypnotist Committee					210	5,285
Medical Licensing Board of Indiana	506,270	652,185	249,704	729,328	215,644	782,798
Indiana State Board of Nursing	1,618,715	633,479	1,456,773	624,400	1,474,266	656,018
Occupational Therapy Committee	38,371	63,271	25,800	64,934	12,941	67,100
Social Worker, Marriage and Family Therapist, and Mental Health Counselor Bd.	156,214	15,096	162,498	38,034	188,860	21,413
Indiana Optometry Bd.	70,559	4,577	43,353	4,927	45,513	2,612
Indiana Board of Pharmacy	636,168	374,068	517,314	373,700	509,430	379,864

	1996	1997	1998	1999	2000	2001
Indiana Physical Therapy Committee	250,661	80,451	157,110	59,232	139,928	48,086
Physician Assistant Committee		1,400	2,640	2,625	7,105	3,990
Board of Podiatric Medicine	5,444	10,896	3,150	2,175	2,150	11,370
Board of Environmental Health Specialists	6,150	3,505	3,380	4,990	3,370	3,680
State Psychology Bd.	27,817	55,230	17,920	57,751	15,875	61,062
Speech-language Pathology and Audiology Board	59,817	10,459	45,860	7,125	43,175	7,970
Respiratory Care Committee	30,656	81,468	13,402	84,875	10,195	81,875
<b>Total Fee Revenues</b>	<b><u>\$3,949,571</u></b>	<b><u>\$2,082,921</u></b>	<b><u>\$3,011,391</u></b>	<b><u>\$2,167,592</u></b>	<b><u>\$2,986,318</u></b>	<b><u>\$2,293,329</u></b>
<b>HPB Expenditures</b>	2,022,836	2,085,679	2,580,518	2,309,995	2,186,960	2,434,038
<b>GF Surplus (Deficit)</b>	<b><u>\$1,926,735</u></b>	<b><u>(\$2,758)</u></b>	<b><u>\$430,873</u></b>	<b><u>(\$142,403)</u></b>	<b><u>\$799,358</u></b>	<b><u>(\$140,709)</u></b>
<b>HPB Appropriations</b>	2,262,078	2,300,385	2,803,929	2,469,892	2,364,157	2,484,157
<b>Reversion</b>	<b><u>\$239,242</u></b>	<b><u>\$214,706</u></b>	<b><u>\$223,411</u></b>	<b><u>\$159,897</u></b>	<b><u>\$177,197</u></b>	<b><u>\$50,119</u></b>

Source: Indiana Auditor of State Budget Revenue Trial Balance, State Budget Committee Submitted Budget Report, Indiana Auditor of State Object Trial Balance.  
Note: Revenues represent license fees only, other types of revenue, such as late fees, are not included.

## Estimating the Costs of a Board or Committee

### *Per Capita vs. Cost Allocation*

IC 25-1-8-2 states, "In no case shall the fees be less than are required to pay all of the costs, both direct and indirect, of the operation of the board." Although the statute requires the boards and committees to set fees that are not less than their direct and indirect costs, the costs associated with each board are not separately identified in the State budget nor are they tracked by the Bureau.<sup>5</sup> The Bureau indicates, however, that they maintain

<sup>5</sup>According to the Bureau, the consolidation of the budget required in IC 25-1-8-2 indicates that the separation of expenditures by board or committee is not necessary. Also, the HPB indicates that the processes and procedures of the boards, committees, and Bureau do not allow for meaningful evaluation of the costs on a board-by-board basis, and that the State Budget Agency and State Auditor dictate reporting on an agency-wide basis.

expenditure information in sufficient detail that they can extrapolate some costs attributable to specific boards.

Attempts to calculate the full cost of an individual board or committee were made for purposes of this report. However, these estimates are hampered by the shared costs that result from the HPB consolidating functions and processes as directed by statute. Assigning these indirect costs to their respective boards and committees is necessary to estimate the individual board or committee costs and make comparisons to the revenues collected.

### ***Per Capita Method***

One way to estimate the cost of each board or committee is to allocate the HPB expenditures by the number of practitioners.<sup>6</sup> Allocating board costs in this way can be partially justified because the HPB goes through the same steps to issue each license. The results of this allocation for the biennium of FY 2000 and FY 2001 are shown in Exhibit 10. Based on this analysis, each license costs \$22.24 per biennium<sup>7</sup> and most boards and committees collect fees in excess of their expenditures. The most notable exception is the Indiana State Board of Nursing which has a deficit of \$241,100 for the biennium under this method of allocation.

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On a per capita bases, the  
cost per licensee is estimated  
at \$22.24.

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<sup>6</sup>Boards and committees may license, register, or certify a practitioner and the term 'license' is used generically in this report to represent all types of licenses. Also, a practitioner may hold more than one type of license. For example, a dentist will have a license to practice dentistry and may have a separate permit to administer anesthesia. In this report, both the license and the permit are counted, but the permit is counted with the licenses of the Indiana State Pharmacy Board.

<sup>7</sup>Some boards, such as the Board of Podiatric Medicine, issue licenses for periods other than a biennium. The effect of these varying lengths is not reflected in this analysis.

**Exhibit 10. Board Expenditures Allocated By Number of Licenses  
(FY 2000 and FY 2001).**

Board	Licenses	Revenues	Expenses	Surplus (Deficit)
Indiana Board of Veterinary Medical Examiners	2,855	\$96,500	\$63,500	\$33,000
Indiana Athletic Trainers Board	579	16,900	12,900	4,000
Board of Chiropractic Examiners	1,151	42,300	25,600	16,700
State Board of Dentistry	7,889	247,400	175,400	72,000
Indiana Dietitians Certification Board	1,002	22,200	22,300	(100)
Indiana State Board of Health Facility Admin.	1,310	44,100	29,100	15,000
Committee of Hearing Aid Dealer Examiners	206	8,400	4,600	3,800
Indiana Hypnotist Committee	54	5,300	1,200	4,100
Medical Licensing Board of Indiana	25,163	998,400	559,500	438,900
Indiana State Board of Nursing	106,640	2,130,300	2,371,400	(241,100)
Occupational Therapy Committee	2,857	80,000	63,500	16,500
Social Worker, Marriage and Family Therapist, and Mental Health Counselor Board	8,995	210,300	200,000	10,300
Indiana Optometry Board	2,505	48,100	55,700	(7,600)
Indiana Board of Pharmacy	31,441	889,300	699,100	190,200
Indiana Physical Therapy Committee	6,612	188,000	147,000	41,000
Physician Assistant Committee	317	11,100	7,000	4,100
Board of Podiatric Medicine	398	13,500	8,900	4,600
Board of Environmental Health Specialists	265	7,100	5,900	1,200
State Psychology Board	1,722	76,900	38,300	38,600
Respiratory Care Committee	3,691	92,100	82,100	10,000
Speech-language Pathology and Audiology Bd.	<u>2,159</u>	<u>51,100</u>	<u>48,000</u>	<u>3,100</u>
<b>Total</b>	<b><u>207,811</u></b>	<b><u>\$5,279,300</u></b>	<b><u>\$4,621,000</u></b>	<b><u>\$658,300</u></b>
Source: State Budget Agency, Active Licenses as of June 30, 2001. Note: Acupuncture Committee had no active licenses on June 30, 2001.				

While issuing licenses to providers is a cornerstone of the boards' and committees' responsibilities, assigning a pro rata share of the HPB costs to each board or committee based on the number of licenses may not address all of the factors that cause board costs. First, the costs to issue additional types of licenses should be less than the costs to issue

the first license, assuming that the information developed for one license can be used to issue the additional license(s). Second, the status of the individual may have impact on the costs to issue a license. For example, a person applying for a training permit may have fewer credentials to verify and more centralized records than a long-time practitioner. Third, in addition to issuing the license, boards and committees provide varying degrees of oversight of practitioners and rule making for the profession. Finally, the Bureau provides services to the boards and committees in proportions that do not correspond to the number of licenses issued.

**Cost Allocation Method**

Another way to allocate the Bureau’s expenditures to the respective boards and committees is to determine the costs of the various activities of the boards and committees, and assign those costs based on measures that reflect the level of each activity for each board. In this way, the costs associated

Activity-based cost allocation provides an example of an alternate method for allocating costs to boards and committees.

with issuing licenses would be allocated to boards and committees based on the number of licenses issued, but the expenditures for the disciplinary function of the board or committee can be assigned based on the amount of regulation required. Additionally, by studying the activities and the associated measures of activity, an understanding of the services offered by boards and committees can be achieved. An example of a cost accounting system that identifies activities and measures activity levels is presented below.

In the State auditor’s accounting system, similar expenditures are grouped together by category. The HPB expenditures by category for FY 2001 are shown in Exhibit 11. A review of the types of items that are included in each category reveals the activities that cause costs. For example, most of the items in the category of ‘Services Other than Personal’ relate to the processing of licenses including line-items titled ‘postal box rentals and meter fees’, and ‘telephone services’. Based on this analysis of the cost categories, the primary activities of the boards and committees are licensing, disciplining, and rule making, and the primary activity of the Bureau is administering the boards and committees.<sup>8</sup> While most of the categories can be assigned to one activity or another, the single largest category, Personal Services, is more involved.

**Exhibit 11. HPB Expenditures FY 2001.**

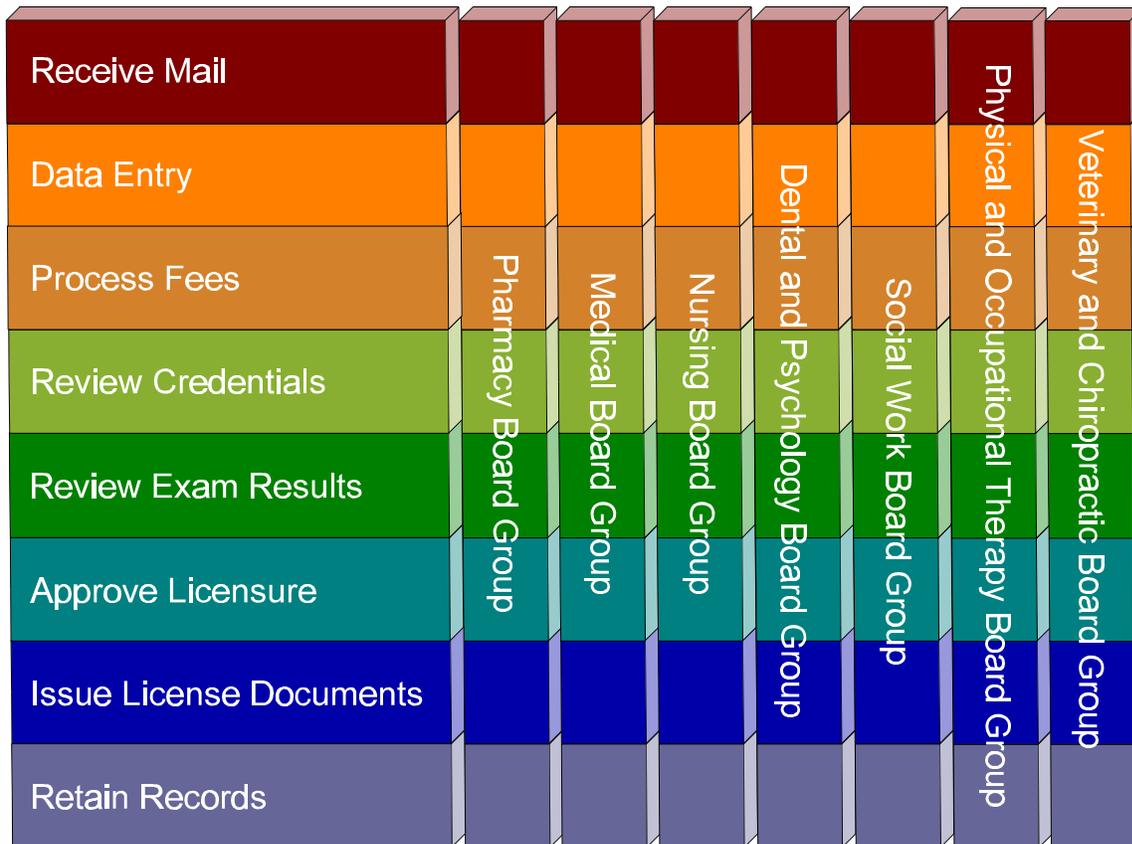
	Expenditures FY 2001	Percentage of Total
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<sup>8</sup>This analysis lacks the depth that would be used by a management team. The information discussed in this section should be viewed as a case study and a design that could be refined by onsite management to provide cost information.

Personal Services	\$1,612,912	66.3%
Services Other than Personal	248,977	10.2%
Services by Contract	297,565	12.2%
Materials and Supplies	67,407	2.8%
Equipment	43,157	1.8%
Grants, Distributions, and Subsidies	12,925	0.5%
In-State Travel	138,670	5.7%
Out-of-State Travel	<u>12,424</u>	<u>0.5%</u>
<b>Total</b>	<b><u>\$2,434,037</u></b>	<b><u>100.0%</u></b>

Personal Services represents 66.3% of the expenditures of the HPB, because processing initial licenses and renewals is a component of the work performed by the HPB. The organizational structure of the Bureau is largely centered around the licensing process, although the responsibilities of the HPB, as described earlier, involved a wider range of activities. The steps required to process a license, shown on the left side of Exhibit 12, include (1) receiving and opening mail; (2) recording the information received; (3) receiving and depositing the fees enclosed; (4) reviewing the qualifications and examination results of licensure candidates; (5) bringing the qualifications of the candidate to the board for approval; (6) issuing the license to the candidate; and (7) retaining the records pertaining to the issuance of a license.

**Exhibit 12. License Applications and Renewals Process Prior to and After August 2001.**



Until August 2001, the Bureau was organized along functional lines, represented by the horizontal bars of Exhibit 12. There were six divisions within the HPB including administrative, professions, data processing/fiscal, licensure, records, and pharmacy inspection. A provider’s application would pass from one department to the next as it went through the various phases of completion.<sup>9</sup> In August 2001, as a result of service complaints, the Bureau, with the assistance of the State Personnel Office, reconsidered the structure of its operations. In the new structure, illustrated by the vertical bars in Exhibit 12, the HPB employees perform all of the functions required for issuing a professional license, instead of being assigned a specialized function. The HPB has arranged boards and committees into board groups, so that employees can provide all of the services, such as auditing, license renewal, examination review, and telephone contact associated with the boards of that group.

<sup>9</sup>Pharmacy inspection takes place separately from the renewal process, and a license application would not necessarily pass through this department.

In addition to realigning the boards and committees into board groups, the new structure places Bureau staff into groups for which salary data are available, as seen in Exhibit 13. Adding the Health Professions Bureau and Offices of Policy and Operations salary costs and number of personnel,

administrative and executive direction represent 30% of the salary costs and 26% of the personnel in the Bureau. Positions included in these categories are the executive director, a position promulgated in statute; secretarial support; and legal, legislative, and fiscal management. Since these personnel costs are not directly related to the activities of individual boards and committees, the salary expenditures need to be shared among the boards and committees based on a method that considers the use of these resources.

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In HPB's new administrative structure. employees perform all work for a group of boards, instead of performing a specialized function.

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By analyzing the salaries and positions associated with each board group, the underlying causes of board costs become more evident. For example, in Exhibit 13, the medical board services, the nursing board services, and the pharmacy board services are among the highest users of personnel resources. The medical board oversees the most committees, the nursing board has the largest membership, and the pharmacy board employs four inspectors/investigators to carry out statutory responsibilities concerning inspection. These three factors, the number of committees supervised, membership, and statutory responsibilities, are among the factors that cause boards to incur expenditures for staff support. (See Appendix IV for more information on statutory requirements that may cause board and committee cost.)

**Exhibit 13. HPB Annual Personnel Salaries (January 1, 2002).**

<b>Division</b>	<b>Annual Salary</b>	<b>%</b>	<b>Number of Employees</b>	<b>%</b>
Health Professions Bureau (Executive)	\$116,420	7.4%	3	5.6%
Office of Policy and Operations	356,339	22.6%	11	20.4%
Pharmacy Board Services	230,054	14.6%	8	14.8%
Medical Board Services	164,438	10.4%	6	11.1%
Nursing Board Services	226,615	14.4%	9	16.7%
Dental Board Services	137,639	8.7%	5	9.3%
Physical Therapy and Occupational Therapy Board Services	114,368	7.3%	4	7.4%
Social Worker, Marriage and Family Therapist, and Mental Health Counselor Board Services	110,408	7.0%	4	7.4%
Veterinary Board Services	<u>118,543</u>	<u>7.5%</u>	<u>4</u>	<u>7.4%</u>
<b>Health Professions Bureau Total</b>	<b><u>\$1,574,824</u></b>	<b><u>100.0%</u></b>	<b><u>54</u></b>	<b><u>100.0%</u></b>
Source: State of Indiana HRM Detail Staffing Report Position and Employee Totals, January 1, 2002, with adjustments by the HPB.				

By allotting costs to boards and committees using activity-based cost allocation, a new picture of expenditures develops, as seen in [Exhibit 14](#). The costs are reallocated from boards and committees with large numbers of practitioners to those that use Bureau resources for other functions. Under this method, the cost to regulate a profession varies among the boards and committees from \$12.22 per licence for the Occupational Therapy Committee to \$77.67 per license for the Board of Chiropractic Examiners. The Indiana State Board of Nursing has a surplus, rather than the deficit calculated using the per capita method. The number of meetings held during the year and the length of those meetings were used as measures of the amount of disciplinary action and rule making required of the boards and committees, and boards and committees with frequent, long meetings were assigned additional cost. In the case of the Board of Chiropractic Examiners, this increase in cost was proportionately higher than the number of practitioners would indicate.

### Exhibit 14. Activity-Based Cost Allocation Method.

	Revenues	Expenses	Surplus (Deficit)	Cost per License
Indiana Board of Veterinary Medical Examiners	\$96,500	\$85,400	\$11,100	\$29.91
Indiana Athletic Trainers Board	16,900	30,400	(13,500)	52.50
Board of Chiropractic Examiners	42,300	89,400	(47,100)	77.67
State Board of Dentistry	247,400	159,000	88,400	20.15
Indiana Dietitians Certification Board	22,200	16,600	5,600	16.57
Indiana State Board of Health Facility Administrators	44,100	55,200	(11,100)	42.14
Committee of Hearing Aid Dealer Examiners	8,400	8,800	(400)	42.72
Indiana Hypnotist Committee	5,300	2,400	2,900	44.44
Medical Licensing Board of Indiana (MLB)	998,400	586,600	411,800	23.31
Indiana State Board of Nursing	2,130,300	2,010,400	119,900	18.85
Occupational Therapy Committee	80,000	34,900	45,100	12.22
Social Worker, Marriage and Family Therapist, and Mental Health Counselor Board	210,300	245,600	(35,300)	27.30
Indiana Optometry Board	48,100	41,400	6,700	16.53
Indiana Board of Pharmacy (IBP)	889,300	929,000	(39,700)	29.55
Indiana Physical Therapy Committee	188,000	96,900	91,100	14.66
Physician Assistant Committee	11,100	8,800	2,300	27.76
Board of Podiatric Medicine	13,500	18,000	(4,500)	45.23
Board of Environmental Health Specialists	7,100	10,000	(2,900)	37.74
State Psychology Board	76,900	92,800	(15,900)	53.89
Respiratory Care Committee	92,100	68,900	23,200	18.67
Speech-language Pathology and Audiology Board	<u>51,100</u>	<u>30,500</u>	<u>20,600</u>	<u>14.13</u>
<b>Total/Average</b>	<b><u>\$5,279,300</u></b>	<b><u>\$4,621,000</u></b>	<b><u>\$658,300</u></b>	<b><u>\$22.24</u></b>

The activity-based cost allocation method used here is not as detailed as a method that could be developed by management. The two methods, however, were compared to identify the boards' and committees' expenditures and determine whether all boards and committees are setting fees sufficient to meet each individual boards costs. The two methods, per capita and activity-based, demonstrate that estimating board and committee costs can be helpful in determining the basic fee levels for professional licenses and to provide information on the cost-causing issues within the Bureau.

## Initial Operating Costs for a New Committee

In 1997, the Hypnotist Committee was established in statute, and in 2000, the Committee began registering practitioners. The HPB has allocated costs to the Hypnotist Committee from October 1997 through September 2000, and they are shown in Exhibit 15. The majority (56%) of the costs for the Committee were incurred for personnel services. These costs were allocated to the Hypnotist Committee based on the salary and benefits for the personnel who serve this board group. When certification of practitioners began in FY 2000 and FY 2001, the revenues realized were only \$5,500, indicating that the initial operating costs for the Hypnotist Committee, as allocated by the HPB, have not been recovered in the fees charged to registrants.

The Hypnotist Committee began registering practitioners after three years of start-up and allocated costs of \$80,000.

### Exhibit 15. Hypnotist Committee's Initial Operating Costs (1997-2000).

Expenditure	Cost 1997 - 2000	Average Cost per Year
Board Member Per Diem	\$8,200	\$2,733
Travel Expenses	9,810	3,270
Printing, Postage, and Supplies	8,200	2,733
Telephone Expense	9,200	3,067
Personnel	<u>44,790</u>	<u>14,930</u>
<b>Total/Average</b>	<b><u>\$80,200</u></b>	<b><u>\$26,733</u></b>

Assuming that initial operating costs incurred by the Hypnotist Committee would apply to any new health care profession not currently regulated, and if \$50 was the biennial license fee charged, then a new profession would require over 2,864 members for the new group's fee revenue to cover the initial operating costs and annual expenditures. There were 54 active registrants of the Hypnotist Committee in June 2001. Given that initial costs for the

Hypnotist Committee are estimated at \$80,200 and the average biennial expenditure per registrant is estimated by the per capita method at \$22.24, the Committee would have had to set fees at \$1,507 per licensee per biennium to recapture costs during the first year of operation. However, the initial operating costs for the Hypnotist Committee were encompassed in the fee revenues received for all boards and committees because there was a surplus of fee revenues between 1997 and 2000 (see [Exhibit 2](#)).

## **Section 4. Requests for Increased Fees**

Fees are authorized by statute, but the fee level is set by boards and committees through the administrative rules process. In general, the statute authorizes fees for an initial application, examination

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As authorized by statute, the HPB may now set reinstatement license fees.

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administration, and licensure renewal. Additionally, fees may be charged for temporary permits for practitioners with credentials in other states, intern permits, inactive licenses, reexaminations, and late fees. In legislation adopted in the 2001 legislative session, the Bureau was authorized to set reinstatement fees (P.L.269-2001), and in 2001, the late fees for most health care professions were increased from \$10 to \$50. At the same time, most of the health professional boards and committees began the process to increase fees. For many boards and committees the process is complete, but some have just begun the process in 2002 (See Appendix V for a complete list of the individual increases, the status of the increase, and the effective date). The procedure to promulgate or readopt an administrative rule includes notification of the intent to issue or readopt a rule, public hearings, fiscal impact analyses, approval by the Governor, and filing with the Secretary of State.

### **Pre & Post Fee Increase**

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The licensure fee revenue is estimated to expand by \$11.6 million, or 243.6%.

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[Exhibit 16](#) compares the estimated revenues that each board or committee would have received under the old fee structure and the amount they are anticipated to receive under the proposed or new structure. The estimates do not include increases in fees other than the initial application,

examination administration, and renewal. The actual fiscal impact of these increases may not affect the current biennial budget because certain boards renewed their licenses prior to the rules being adopted, or as in the case of the Board of Podiatric Medicine, they will not renew within the biennium. Based on this analysis, the increase in fees would provide an additional \$11.6 million, or an increase of 243.6% over the current fee levels.

### **Exhibit 16. Estimated Fee Revenues of Prior and New Fee Levels.**

	Prior Fee Revenues	New Fee Revenues	\$ Change	% Change
Indiana Board of Veterinary Medical Examiners	\$93,550	\$291,800	\$198,250	211.9%
Acupuncturists (a)			0	
Indiana Athletic Trainers Board	14,455	38,150	23,695	163.9%
Board of Chiropractic Examiners	35,630	113,900	78,270	219.7%
State Board of Dentistry	223,720	860,100	636,380	284.5%
Indiana Dietitians Certification Board (b)	21,100	21,100	0	0.0%
Indiana State Board of Health Facility Admin.	30,600	139,800	109,200	356.9%
Committee of Hearing Aid Dealer Examiners	4,780	9,560	4,780	100.0%
Indiana Hypnotist Committee	5,580	18,525	12,945	232.0%
Medical Licensing Board of Indiana	742,950	4,917,600	4,174,650	561.9%
Indiana State Board of Nursing	2,225,672	5,846,082	3,620,410	162.7%
Occupational Therapy Committee	70,160	307,400	237,240	338.1%
Social Worker, Marriage and Family Therapist, and Mental Health Counselor Board	194,560	486,400	291,840	150.0%
Indiana Optometry Board	65,230	166,860	101,630	155.8%
Indiana Board of Pharmacy	657,190	1,746,410	1,089,220	165.7%
Indiana Physical Therapy Committee	178,340	735,900	557,560	312.6%
Physician Assistant Committee (b)	9,100	9,100	0	0.0%
Board of Podiatric Medicine	11,070	72,300	61,230	553.1%
Board of Environmental Health Specialists	5,330	9,325	3,995	75.0%
State Psychology Board	58,630	177,100	118,470	202.1%
Respiratory Care Committee	78,140	191,750	113,610	145.4%
Speech-language Pathology and Audiology Bd.	<u>47,005</u>	<u>237,975</u>	<u>190,970</u>	<u>406.3%</u>
<b>Total Fee Revenues</b>	<b><u>\$4,772,792</u></b>	<b><u>\$16,397,137</u></b>	<b><u>\$11,624,345</u></b>	<b><u>243.6%</u></b>
<p>Note: Prior fee revenues may include the current fee level because changes have not yet taken effect and new fee revenues may include proposed changes that have not yet taken effect.  (a) There were no acupuncturists registered on June 30 2001 according to information received for this report;  (b) There was no change in the fees for dieticians and physician assistants.</p>				

## Uses for Additional Revenues

P.L.291- 2001, which established the budget for the biennium of FY 2002 and FY 2003, allows augmentation of the HPB appropriation "in amounts not to exceed the additional revenue from increased fees after January 1, 2001." The additional revenues may be used to apply to deficits where they exist, to increase services, or they may remain unallocated in the State General Fund.

According to budget documents, since 1991, the regulatory load of the Bureau has increased by 200,000 licenses and eight new boards or committees have been added. In the FY 2002 - FY 2003 biennial budget, the Bureau requested additional appropriations for administrative law judges and court reporters because more health professionals are charged with violations. Also, the HPB is encountering greater need to provide information to national databases and verify information to other states as population becomes more mobile and regulatory requirements by the federal government and managed care providers increase. According to the HPB, given an opportunity, they would like to change the manner in which services are offered by creating more Internet services, such as online application or renewal services.

## **Section 5. Comparison to Other States**

### **Effects of Out-of-State Practitioners**

While the license fee increases requested in 2001 and 2002 brought the Indiana fee structure more on par with the fees charged by surrounding states, Indiana still charges less than the surrounding states for many license renewals. Exhibit 17 compares the Indiana renewal fees on an annualized basis after the increase in rates

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**Indiana’s increased health  
licensure fees are more  
comparable to surrounding states.**

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with the corresponding annual rate in other states. Only professions for which information was available were compared, and the rate was converted to annual rates because states have varying license duration. Also, there are varying structures for health profession licensing boards in other states. For example, some states have independent boards with dedicated funds. Even though there is no reciprocity for licensure of health care professionals among the states<sup>10</sup>, the cost of a license may determine where a provider becomes licensed, according to the HPB.

#### **Exhibit 17. Comparison of HPB Annualized License Renewal Fees and Surrounding States’ Renewal Fees.**

	<b>Indiana</b>	<b>Illinois</b>	<b>Kentucky</b>	<b>Michigan</b>	<b>Ohio</b>
Veterinarian	\$50.00	\$50.00	\$50.00	\$55.00	\$112.50
Athletic Trainer	25.00	100.00	-----	-----	100.00

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<sup>10</sup>In the 2002 legislative session, HEA 1297 was passed. The bill allows Indiana to join the Interstate Nurse Licensure Compact which would allow a nurse licensed in another compact state to practice in Indiana without obtaining an Indiana license. There are no similar compacts for other health care professions in the Indiana Code because other professions do not have similar services available.

	Indiana	Illinois	Kentucky	Michigan	Ohio
Chiropractor (a)	50.00	100.00	60.00	95.00	250.00
Dental Hygienist	25.00	37.50	40.00	25.00	-----
Dentist	50.00	75.00	115.00	95.00	-----
Dietitian	10.00	50.00	50.00	-----	-----
Health Facility Administrator (b)	50.00	50.00	50.00	-----	-----
Hearing Aid Sales	20.00	-----	150.00	-----	-----
Medical/Osteopathic Physician	100.00	100.00	125.00	95.00	-----
Nurse (Midwife)	25.00	-----	47.50	10.00	50.00
Nurse (LPN or RN)	23.50	20.00	52.50	20.00	17.50
Nurse (Advanced Practice)	50.00	40.00	47.50	10.00	50.00
Occupational Therapist	50.00	20.00	50.00	65.00	40.00
Marriage and Family Therapist, Mental Health Counselor, Social Worker (c)	25.00	30.00	110.00	20.00	-----
Optometrist	50.00	200.00	200.00	95.00	-----
Pharmacy - Manufacturer	50.00	75.00	70.00	70.00	97.50
Physical Therapist	50.00	30.00	60.00	55.00	60.00
Physician Assistant	10.00	40.00	50.00	55.00	-----
Podiatrist	50.00	200.00	150.00	95.00	-----
Environmental Health Specialist	17.50	110.00	-----	55.00	61.00
Psychologist	50.00	80.00	100.00	95.00	-----
Respiratory Care	25.00	60.00	25.00	-----	37.50
Speech Therapist and Audiologist	50.00	50.00	50.00	-----	-----
Wholesale Drug Distributors	100.00	200.00	100.00	30.00	55.00

(a) In Illinois, residents pay a \$100/year fee while nonresidents pay a \$200/year fee;  
(b) Compared to Nursing Home Administrators in Illinois;  
(c) In Illinois, social workers pay \$30/year while marriage therapists pay a \$60/year fee; in Michigan, social workers pay \$40/2 years and marriage therapists pay \$110/2 years

According to the HPB's FY 2002 and FY 2003 budget request, there is anecdotal evidence to suggest that the low cost of licensure in Indiana attracts professionals who become licensed in the State of Indiana, but practice elsewhere. However, anecdotal evidence collected for this report indicates that physicians become licensed in a state with easier regulatory standards for a first license, then 'piggyback' another license on the original. In another example, Illinois required psychology graduates to complete a year of postdoctoral degree training before taking the national examination required for licensure. Indiana permits psychology graduates to take the national examination immediately upon

graduation. Indiana also requires one year of postdoctoral degree training, which can be obtained after taking the examination. Psychology graduates would apply in Indiana for licensure, take the examination, and transfer the score to Illinois. In many cases, the applicant would not complete the Indiana licensing process. Whether health care professionals maintain licenses in more than one location for cost or convenience, the question becomes the fiscal impact that these out-of-state practitioners have on the resources of the HPB and the boards and committees.

The fiscal impact of licensing health care professionals who practice in another state would be more easily calculated if there was better information on the practice location of health care professionals. On a national basis, there are few studies detailing where health care professionals are licensed and where they practice, and the Bureau does not collect distribution information through the licensing process.<sup>11</sup> The Indiana Health Care Professional Development Commission (IHCPDC) is an entity administered by the Indiana Department of Health to determine Indiana's health care provider needs and make recommendations to the General Assembly to improve distribution in regard to location, specialty, and age. IHCPDC used mailing address information in the HPB database to learn where practitioners live, and the results are shown in [Exhibit 18](#). The drawback to using a mailing address is that the practice location may not be the same as the mailing address.

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Lack of recorded information on practitioners' practice location makes it difficult to determine who they serve and what services they offer.

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<sup>11</sup>Also, the HPB does not collect information on practitioners' specialties, and it has been suggested that this information would help with both regulation of controlled substance prescription permitting and emergency preparedness. There is no requirement that the HPB collect this information, and the Bureau has been extremely helpful in collecting and providing information for the Indiana Health Care Professional Development Commission, according to the Commission's consultant.

## Exhibit 18. Health Care Professional Mailing Address Locations.

	Indiana	Adjacent States	Other States
Advanced Practice Nurses- Nurse Midwives	93.5%	6.5%	0.0%
Advanced Practice Nurses-Clinical Nurse Specialists	93.4%	5.0%	1.6%
Advanced Practice Nurses- Nurse Practitioners	92.9%	6.2%	0.9%
Social Workers	91.8%	6.3%	1.9%
Dietitians	91.2%	6.6%	2.2%
Licensed Practical Nurses	90.6%	5.9%	3.5%
Respiratory Care Practitioner	89.3%	9.0%	1.7%
Nurse Midwives	88.1%	11.9%	0.0%
Marriage and Family Therapists	87.1%	7.8%	5.1%
Clinical Social Worker	86.8%	8.7%	4.5%
Dentists	85.0%	5.2%	9.8%
Physician Assistants	84.6%	10.4%	5.0%
Dental Hygienists	83.6%	7.7%	8.7%
Registered Nurses	81.5%	11.8%	6.7%
Audiologists	80.9%	15.6%	3.5%
Speech Pathologists	80.8%	14.8%	4.4%
Chiropractors	78.7%	11.3%	10.0%
Occupational Therapists	74.6%	16.2%	9.2%
Optometrists	72.4%	12.4%	15.2%
Occupational Therapy Assistants	69.9%	25.7%	4.4%
Psychologists	67.1%	20.9%	12.0%
Pharmacists	67.1%	14.8%	18.1%
Podiatrists	67.0%	26.6%	6.4%
Physical Therapy Assistants	61.4%	27.5%	11.1%
Physical Therapists	57.9%	19.9%	22.2%
Physicians	54.3%	20.1%	25.6%

Source: Indiana Health Care Professional Development Commission, 1999 Annual Report, Indiana State Department of Health.

Despite this drawback, the results in Exhibit 18 indicate that 79.7% of health care professionals licensed in Indiana have a mailing address in Indiana. When the practitioners

living in adjacent states are added to the number in Indiana (assuming that a professional living in an adjacent state provides services to Indiana residents), then more than 92.6% of all Indiana licensees may serve Indiana residents. Using these data in total, between 7.4% and 20.3% of the health care professionals licensed in Indiana do not serve Indiana residents.

One way to estimate the fiscal impact of professionals living out of state is to estimate the value of the fee revenues from this group. Under the new fee structure, the licensees in non-adjacent states are estimated to pay to the State General Fund \$1.7 million dollars in fee revenue.<sup>12</sup> Since the license fee increases discussed above are expected to increase revenues by \$11.6 million (from Exhibit 16), the loss of revenue by not renewing professionals with an address outside of the State would not have significant fiscal impact. Additionally, expenditures for these licensees can be estimated at \$364,000 (per capita method) or \$377,000 (activity-based cost accounting method), suggesting that the revenues from the licensees in non-adjacent states exceed the costs of licensure.

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The fiscal impact of out-of-state practitioners on the HPB's expenditures appears minimal.

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Better cost information would result in more accurate estimates of expenditures for licensing practitioners who do not practice in Indiana. Indiana-licensed professionals practicing in other states could increase costs for the HPB by adding to the licensure and discipline function of boards, committees, and the HPB. When the Bureau must request data from another state and apply Indiana policy and practice to the information received, the time required to process a license may increase. Additionally, the Bureau is asked to provide information to other states where practitioners hold other licenses, again increasing the need for administrative resources. Further, the State may choose to pursue disciplinary action against an Indiana licensee for actions occurring in another state, incurring board or committee time and, potentially, contract employee costs.

While the added time to process or provide information has not been measured for this report, there is some national information available on disciplinary actions. The Federation of State Medical Boards of the United States, Inc., produced a report titled, *Summary of 2000 Board Actions*. According to the report on physician disciplinary actions, about 53.1% of the physicians licensed in Indiana

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A survey indicates that Indiana has a high percentage of physicians located out-of-state, but a relatively low rate of disciplinary actions

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<sup>12</sup>This amount may be overstated, because the average active renewal rate was used, but some professions allow for an inactive license fee which may apply to an out-of-state licensee.

practice in Indiana.<sup>13</sup> While this is a lower percentage than most other states of similarly sized physician populations, the number of disciplinary actions as a percentage of in-state physicians is less than the average, as seen in Exhibit 19. One interpretation of this information is that while Indiana licenses many physicians who practice in other states, the rate of discipline, for both in-state and out-of-state providers, is not uncommonly high, suggesting that in terms of disciplinary costs, licensing practitioners who practice out of state does not increase cost.

**Exhibit 19. Ranking of Licensed Physicians and Disciplinary Actions as Percentage of Instate Practitioners.**

State	Licensed Physicians	Instate Physicians	% Practicing Instate	Disciplinary Actions	Actions as a % of Instate Physicians
Maryland	21,779	10,127	46.5%	78	0.8%
<b>Indiana</b>	<b>25,157</b>	<b>13,369</b>	<b>53.1%</b>	<b>64</b>	<b>0.5%</b>
Iowa	10,406	5,850	56.2%	56	1.0%
Tennessee	17,036	10,442	61.3%	48	0.5%
Arizona	15,429	9,666	62.6%	92	1.0%
Colorado	16,185	10,215	63.1%	56	0.5%
Alabama	14,155	9,001	63.6%	66	0.7%
Missouri	20,556	13,305	64.7%	98	0.7%
Louisiana	16,906	11,127	65.8%	58	0.5%
Wisconsin	19,042	12,660	66.5%	120	0.9%
South Carolina	12,365	8,872	71.8%	48	0.5%
Kentucky	12,628	9,085	71.9%	90	1.0%
Washington	18,301	13,474	73.6%	54	0.4%
Minnesota	16,012	12,109	75.6%	47	0.4%
Connecticut	13,374	10,440	78.1%	60	0.6%
Oregon	11,352	9,342	82.3%	47	0.5%
<b>Average</b>	<b>16,293</b>	<b>10,568</b>	<b>66.1%</b>	<b>68</b>	<b>0.7%</b>

While it appears that the out-of-state practitioners do not have significant fiscal impact on the Bureau, there is no conclusive method currently available to determine whether licensure of out-of-state practitioners increases costs for the State to an amount greater

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<sup>13</sup>The information appears to be based on the physician mailing address, because it corresponds to the percentage calculated in the IHCPDC 1999 Annual Report, so it really indicates that 53.1% of the physicians licensed in Indiana have an Indiana mailing address.

than the license fee revenues received. This comparison suggests that Indiana has a high number of physicians licensed who practice outside the State and that the causes of this should be explored, but are beyond the scope of this paper.

## **Section 6. Discussion**

The HPB receives an appropriation from the State General Fund to provide administrative support and to pay the direct costs for health professional licensing boards and committees. The boards and committees determine the fees for licenses through the administrative rules process, and the revenues received by the boards and committees are deposited in the State General Fund. The expenditures of boards and committees are not separately identified, but may be allocated to the boards and committees. In total, the revenues from the boards and committees appear to exceed the expenditures for the HPB.

Collecting cost information about the various boards and committees, as well as the costs associated with licensees practicing in other states may help the HPB, the boards and committees, and the Legislature make decisions about licensure. The cost information may be of particular interest to the Legislature as new groups ask to be given board or committee status.

## Appendix I

<b>RENEWAL INFORMATION FOR HEALTH CARE PROFESSIONALS</b>		
<b><u>Board</u></b>	<b><u>Licensee/ Certificate Holder/ Registrant</u></b>	<b><u>Renewal</u></b>
Indiana Board of Veterinary Medical Examiners (IC 15-5-1.1)	<input type="checkbox"/> Veterinarian <input type="checkbox"/> Veterinarian Technician	October 15, odd year January 1, even year
Indiana Athletic Trainers Board (IC 25-5.1)	<input type="checkbox"/> Athletic Trainer	December 31, even year
Board of Chiropractic Examiners (IC 25-10)	<input type="checkbox"/> Chiropractor <input type="checkbox"/> Chiropractic Management Consultant	July 1, even year
State Board of Dentistry (IC 25-13 and IC 25-14)	<input type="checkbox"/> Dentist <input type="checkbox"/> Dental Hygienist <input type="checkbox"/> Permit to administer anesthesia or sedation <input type="checkbox"/> Dental or Dental Hygienist Intern	March 1, even year March 1, even year March 1, even year Discretion of the board
Indiana Dietitians Certification Board (IC 25-14.5)	<input type="checkbox"/> Dietitian	December 31, even year
Indiana State Board of Health Facility Administrators (IC 25-19)	<input type="checkbox"/> Comprehensive or Residential Administrator	August 31, even year
Committee of Hearing Aid Dealer Examiners (IC 25-20)	See Medical Licensing Board	
Indiana Hypnotist Committee (IC 25-20.5)	See Medical Licensing Board	
Medical Licensing Board of Indiana (IC 25-22.5)	<input type="checkbox"/> Physician <input type="checkbox"/> Residency Medical Permits <input type="checkbox"/> Acupuncturist <input type="checkbox"/> Occupational Therapist <input type="checkbox"/> Occupational Therapy Assistant <input type="checkbox"/> Hearing Aid Dealer <input type="checkbox"/> Student Hearing Aid Dealer <input type="checkbox"/> Hypnotist <input type="checkbox"/> Physician Assistant <input type="checkbox"/> Physical Therapist <input type="checkbox"/> Respiratory Care Practitioner <input type="checkbox"/> Respiratory Care Student Permit	June 30, odd year June 30, even year December 31, even year December 31, even year June 30, even year December 31, even December 31, even
Indiana State Board of Nursing (IC 25-23)	<input type="checkbox"/> Registered Nurse <input type="checkbox"/> Licensed Practical Nurse <input type="checkbox"/> Midwife <input type="checkbox"/> Advance Practice Nurse <input type="checkbox"/> Nurse anesthesiologist	October 31, odd year October 31, even year October 31, odd year October 31, odd year October 31, odd year
Occupational Therapy Committee (IC 25-23.5)	See Medical Licensing Board	

<b>Board</b>	<b>Licensee/ Certificate Holder/ Registrant</b>	<b>Renewal</b>
Social Worker, Marriage and Family Therapist, and Mental Health Counselor Board (IC 25-23.6)	<input type="checkbox"/> Social Worker <input type="checkbox"/> Clinical Social Worker <input type="checkbox"/> Marriage and Family Therapist <input type="checkbox"/> Mental Health Counselor	April 1, even year April 1, even year April 1, even year April 1, even year
Indiana Optometry Board (IC 25-24)	<input type="checkbox"/> Optometrist	April 1, even year
Indiana Board of Pharmacy (IC 25-26)	<input type="checkbox"/> Pharmacy <input type="checkbox"/> Pharmacist <input type="checkbox"/> Wholesale Legend Drug Distributor <input type="checkbox"/> Optometrist legend dispenser <input type="checkbox"/> Nonresident Pharmacy <input type="checkbox"/> Controlled Substances Manufacture or Distribution <input type="checkbox"/> Dispense Controlled Substances	December 31, odd year June 30, even year September 30, even year April 1, even years December 31, odd year December 31, odd year with professional license
Indiana Physical Therapy Committee (IC 25-27)	See Medical Licensing Board	
Physician Assistant Committee (IC 25-27.5)	See Medical Licensing Board	
Board of Podiatric Medicine (IC 25-29)	<input type="checkbox"/> Podiatrist <input type="checkbox"/> Podiatrist Assistant	June 30, odd year (4 year license)
Board of Environmental Health Specialists (IC 25-32)	<input type="checkbox"/> Environmental Health Specialist <input type="checkbox"/> Environmental Health Specialist Trainee	July 31, odd year
State Psychology Board (IC 25-33)	<input type="checkbox"/> Psychologist	August 31, even year
Respiratory Care Committee (IC 25-34.5)	See Medical Licensing Board	
Speech-language Pathology and Audiology Board (IC 25-35.6)	<input type="checkbox"/> Speech-Language Pathologist <input type="checkbox"/> Audiologist <input type="checkbox"/> Dual licensee <input type="checkbox"/> Speech Pathologist/Audiology Aides	December 31, odd year December 31, odd year December 31, odd year December 31, annual
Controlled Substances Advisory Committee (IC 35-48-2 and 35-48-3)	See Indiana Board of Pharmacy	

## Appendix II

<b>AN APPLICATION FOR LICENSE TO PRACTICE MEDICINE/OSTEOPATHIC MEDICINE IN INDIANA</b>		
If your answer is "Yes" to any of the following, explain fully in a signed and notarized statement, including all related details. Include the violation, location, date and disposition. If malpractice, provide name(s) of plaintiff(s). Letters from attorneys or insurance companies are not accepted in lieu of your statement. Falsification of any of the following is grounds for permanent revocation of a license or permit issued pursuant to this application.		
1. Has disciplinary action ever been taken regarding any health license, certificate, registration or permit you hold or have held?	<b>9</b> Yes	<b>9</b> No
2. Have you ever been denied a license, certificate, registration or permit to practice medicine, osteopathic medicine or any regulated health occupation in any state (including Indiana) or country?	<b>9</b> Yes	<b>9</b> No
3. Are you now being, or have you ever been, treated for a drug abuse or alcohol problem?	<b>9</b> Yes	<b>9</b> No
4. Have you ever been charged with drug addiction?	<b>9</b> Yes	<b>9</b> No
5. Have you ever been convicted of, plead guilty or <i>nolo contendere</i> to:	<b>9</b> Yes	<b>9</b> No
A. A violation of any Federal, State, or local law relating to the use, manufacturing, distribution or dispensing of controlled substances or drug addiction?	<b>9</b> Yes	<b>9</b> No
B. Any offense, misdemeanor or felony in any state? ( <i>Except for minor violations of traffic laws resulting in fines.</i> )	<b>9</b> Yes	<b>9</b> No
6. Have you ever been denied staff membership or privileges in any hospital or health care facility or had such membership or	<b>9</b> Yes	<b>9</b> No
7. Have you ever been admonished, censured, reprimanded or requested to withdraw, resign or retire from any hospital or health care facility in which you have trained, held staff membership or privileges or acted as a consultant?	<b>9</b> Yes	<b>9</b> No
8. Have you ever had a malpractice judgment against you or settled any malpractice action?	<b>9</b> Yes	<b>9</b> No

### Appendix III

<b>1996 RENEWAL FEE REDUCTIONS THROUGH ADMINISTRATIVE RULE CHANGES</b>		
	<b>Prior to reduction</b>	<b>Reduced fee level</b>
Veterinarians .....	\$50	\$30
Athletic Trainers .....	35	20
Chiropractors .....	50	30
Dentists .....	60	30
Dental Hygienists .....	20	15
Dietitians .....	N/C	N/C
Health Facility Administrators .....	50	20
Hearing Aid Dealers .....	40	20
Hypnotist .....	N/A	N/A
Doctors .....	50	30
Nurses .....	20	17
Occupational Therapists .....	50	30
Social Worker, Marriage and Family Therapist, and Mental Health Counselor .....	N/C	N/C
Optometrists .....	84	30
Pharmacists .....	25	15
Pharmacy .....	25	20
Manufactures of Controlled Substances .....	200	20
Distributers of Controlled Substances .....	100	20
Physical Therapists .....	50	20
Physician Assistants .....	40	20
Podiatrist .....	50	30
Environmental Health Specialists .....	35	20
Psychologists .....	35	20
Speech-language Pathologists and Audiologists .....	30	20
Respiratory Care .....	50	20
N/A= Not applicable    N/C = No Change		

Appendix IV

COST CAUSING FACTORS OF HEALTH PROFESSIONS BOARDS						
Board	Type of Regulation	Meetings by Law /in 2001 (a)	Average Meeting Length (b)	Number of Board Members /Term in Office	Number of Exams by Law	Other Responsibilities
Indiana Board of Veterinary Medical Examiners	License - Veterinarians Register - Veterinary Technicians	1(d) / 9	2:53	6 / 4	1	Inspection for cleanliness and sanitation of facilities; hearings for disciplinary actions
Acupuncturist (No committee or board)						
Indiana Athletic Trainers Board	License	0 / 6	2:05	7 / 4		
Board of Chiropractic Examiners	License - Chiropractors Register - Chiropractic Management Consultants	0 / 9	4:20	7 / 3		
State Board of Dentistry	License Permit for anesthesia and interns	2 / 10	2:59	11 / 3		Administer and enforce laws pertaining to dentistry/dental hygiene; may associate with the American Assn. of Dental Examiners.

<b>Board</b>	<b>Type of Regulation</b>	<b>Meetings by Law /in 2001 (a)</b>	<b>Average Meeting Length (b)</b>	<b>Number of Board Members /Term in Office</b>	<b>Number of Exams by Law</b>	<b>Other Responsibilities</b>
Indiana Dietitians Certification Board	Certificate	2 / 4	0:44	7 / 3	2	
Indiana State Board of Health Facility Administrators	License	0 / 8	2:35	14 / 4		Conduct ongoing studies/ investigation of health facilities/ administrators
Committee of Hearing Aid Dealer Examiners	MLB registers hearing aid dealers and student hearing aid dealers	0 / 3	1:09	5 / 3	4	
Indiana Hypnotist Committee	Certificate	0 / 1	0:57	6 / 3	2	
Medical Licensing Board of Indiana (MLB)	Unlimited license Limited license Temporary medical permit Endorsement of out-of-state licensees Probationary license Register eye enucleator and corneal excision technicians	(d) / 10	8:27	7 / 4	2	

<b>Board</b>	<b>Type of Regulation</b>	<b>Meetings by Law /in 2001 (a)</b>	<b>Average Meeting Length (b)</b>	<b>Number of Board Members /Term in Office</b>	<b>Number of Exams by Law</b>	<b>Other Responsibilities</b>
Indiana State Board of Nursing	Rules for nurse practitioners, License Registered Nurses and Licensed Practical Nurses Limited License for Midwifery Authorization for advance practice nurses to prescribe	1 / 11	8:04	8 / 4		Issue subpoenas, compel the attendance of witnesses and administer oaths; assist in rehabilitation of impaired nurses; accredit education programs.
Occupational Therapy Committee	Certificate Probationary certificate	0 / 2		5 / 3	2	
Social Worker, Marriage and Family Therapist, and Mental Health Counselor Board	License	1 / 11	5:18	9 / 3	1	Approve continuing education courses.
Indiana Optometry Board	License Probationary license	1(d) / 4	1:43	6 / 3		Subpoena power; hire inspector of the board

Board	Type of Regulation	Meetings by Law /in 2001 (a)	Average Meeting Length (b)	Number of Board Members /Term in Office	Number of Exams by Law	Other Responsibilities
Indiana Board of Pharmacy (IBP)	License pharmacists and wholesale legend drug distributors Regulate sale of drugs and devices in the State of Indiana Registration of pharmacy interns or externs Permit pharmacies Certificates for optometrist recommended by the Committee Register nonresident pharmacies Registration and control of manufacture, distribution, and dispensing of controlled substances	8 / 12	7:01	7 / 4	2	Impound, embargo, confiscate or otherwise prevent from disposition drugs, etc which by inspection are deemed unfit for use; assist in the rehabilitation of impaired pharmacists; hire and supervise inspector-investigators to enforce the controlled substances law; may accept and expend funds from sources other than Indiana.
Indiana Optometric Legend Drug Prescription Advisory Committee	Formulary for optometrists Certificate to administer, dispense and prescribe by recommendation	(d) / 2	0:35	5 / 4		

<b>Board</b>	<b>Type of Regulation</b>	<b>Meetings by Law /in 2001 (a)</b>	<b>Average Meeting Length (b)</b>	<b>Number of Board Members /Term in Office</b>	<b>Number of Exams by Law</b>	<b>Other Responsibilities</b>
Indiana Physical Therapy Committee	License for physical therapists Certification for physical therapist assistance	0 / 4	2:40	5 / 3	2	
Physician Assistant Committee	Certification	0 / 3		5 / 3		
Board of Podiatric Medicine	License	1 / 3	2:23	6 / 3	2	Hearings held in accordance w/ IC 4-21.5-3; may initiate and investigate providers or hold disciplinary proceeding
Board of Environmental Health Specialists	Registration Permits for trainees	1 / 4	0:56	7 / (c)	1	May hold hearings
State Psychology Board	License	1 / 11	3:21	7 / 3		Subject to 25-1-7 investigate and conduct hearings
Respiratory Care Committee	License Endorsement for out-of-state licensees Student permits	0 / 5	2:41	5 / 3	2	Policy set by board with recommendations by committee

Board	Type of Regulation	Meetings by Law /in 2001 (a)	Average Meeting Length (b)	Number of Board Members /Term in Office	Number of Exams by Law	Other Responsibilities
Speech-language Pathology and Audiology Board	License Register aides	2 / 3	1:10	6 / 3	2	Issue subpoena, examine witnesses and administer oaths; investigate under 25-1-7; provide for continuing education
Controlled Substance Advisory Committee	Advice to IPB including classification of all controlled substances	0 / 5	2:00	15 / (d)		

(a) The number of meetings was determined by reviewing the meeting minutes and agendas posted on the HPB website. Where available, the number of meetings that resulted in minutes were counted, but in some cases just the agenda for the meeting was posted and counted. There was no way to confirm whether the meeting actually occurred.

(b) The average meeting length was determined by observing the start and end time recorded in the minutes for each meeting, and no time was deducted for breaks. In many cases, particularly at the end of the year, the minutes for the meeting were not yet posted, and in some cases the agenda had never been converted to minutes or the end time was not recorded in the minutes. In one instance, the Board of Dentistry, the Board went into executive session and only start time of the executive session was recorded. This would understate the amount of time the Board members actually met.

(c) There are multiple terms of service based on the source of appointment for this board.

(d) The Indiana Board of Veterinary Medical Examiners and the Indiana Optometry Board must meet in Indianapolis; the Medical Licensing Board of Indiana has regular meetings at the request of the president or a majority of the board and the Indiana Optometric Legend Drug Prescription Advisory Committee has meetings at the call of the chair.

Appendix V

<b>FEE INCREASES</b>				
	<b>Next Renewal Date</b>	<b>Fee (old)</b>	<b>Fee (Proposed or New)</b>	<b>Status as of January 1, 2002</b>
Veterinarian - application		\$40	\$150	readopted
Veterinarian - examination		40	150	readopted
Veterinarian - renewal	Oct 2003	30	100	readopted
Veterinary Technician - application		30	30	readopted
Veterinary Technician - examination		15	15	readopted
Veterinary Technician - renewal	Jan 2004	15	15	readopted
Acupuncturist - application		0	150	final rules
Acupuncturist - affiliated professional application		0	150	final rules
Acupuncturist - renewal		0	100	final rules
Acupuncturist - affiliated professional renewal		0	100	final rules
Acupuncturist - detoxification specialist renewal		0	20	final rules
Athletic trainers - application		25	55	readopted
Athletic trainers - examination		0	25	readopted
Athletic trainers - renewal	Dec 2002	20	50	readopted
Chiropractor - application		40	100	readopted
Chiropractor - examination		40	100	readopted
Chiropractor - renewal	Jul 2002	30	100	readopted
Chiropractor - inactive renewal		15	50	readopted
Chiropractor - temporary permit		10	50	readopted
Dentist - examination		40	400	final rules
Dentist - law reexamination		10	25	final rules
Dentist - periodontal or op reexamination		40	200	final rules

	<b>Next Renewal Date</b>	<b>Fee (old)</b>	<b>Fee (Proposed or New)</b>	<b>Status as of January 1, 2002</b>
Dentist - prosthetic reexamination		40	350	final rules
Dentist - two or more clinical		40	400	final rules
Dentist - application		40	100	final rules
Dentist - renewal	Mar 2002	30	100	final rules
Dental Intern - application		10	50	final rules
Dental Intern - renewal		10	50	final rules
Dentist - anesthesia	Mar 2002	10	50	final rules
Dentist - office registration for general anesthesia			25	final rules
Hygienist - examination		25	150	final rules
Hygienist - reexamination law only		10	25	final rules
Hygienist - application		25	50	final rules
Hygienist - renewal	Mar 2002	15	50	final rules
Hygienist Intern - application		10	25	final rules
Hygienist Intern - renewal		10	25	final rules
Dietitians - application		20	20	no change
Dietitian - renewal	Dec 2002	20	20	no change
Health facility administrator - application		0	100	proposed
Health facility administrator - examination		50	0	proposed
Health facility administrator - renewal	Aug 2002	20	100	proposed
Health facility administrator - temporary		10	50	proposed
Health facility administrator - provisional		30	100	proposed
Hearing aid dealer - examination		30	60	readopted - proposed
Hearing aid dealer - renewal	Jun 2002	20	40	readopted - proposed

	<b>Next Renewal Date</b>	<b>Fee (old)</b>	<b>Fee (Proposed or New)</b>	<b>Status as of January 1, 2002</b>
Hearing aid - student registration/renewal		10	20	readopted - proposed
Hypnotist - application		30	100	proposed
Hypnotist - examination		30	75	proposed
Hypnotist - reexamination		0	100	proposed
Hypnotist - renewal	Jun 2002	20	100	proposed
Physician - examination		40	250	proposed
Physician - application		40	250	proposed
Physician - renewal	Jun 2003	30	200	proposed
Medical resident - temporary		10	100	proposed
Medical resident - renewal	Jun 2002	10	50	proposed
Registered nurse - examination		30	50	readopted
Practical nurse - examination		20	50	readopted
Practical Nurse - application		30	50	readopted
Practical Nurse - renewal	Oct 2002	17	47	readopted
Nurse midwife - application		10	50	readopted
Nurse midwife - renewal	Oct 2003	10	50	readopted
Advance practice nurse - application		10	100	readopted
Advance practice nurse - renewal	Oct 2003	10	100	readopted
Occupational therapist - examination		30	0	proposed
Occupational therapist - application		30	100	proposed
Occupational therapist - renewal	Dec 2002	20	100	proposed
Occupational therapist - temporary		10	50	proposed
Occupational therapist - temporary renewal		10	0	proposed
Social worker/marriage and family therapist/mental health counselor - application		20	50	readopted

	<b>Next Renewal Date</b>	<b>Fee (old)</b>	<b>Fee (Proposed or New)</b>	<b>Status as of January 1, 2002</b>
Social worker/marriage and family therapist/mental health counselor - temporary		10	25	readopted
Social worker/marriage and family therapist/mental health counselor - renewal	Apr 2002	20	50	readopted
Optometrist - application		40	200	readopt - proposed
Optometrist - renewal	Apr 2002	30	100	readopt - proposed
Optometrist - inactive renewal		15	50	readopt - proposed
Optometric legend drug - application		20	20	readopt - proposed
Optometric legend drug - renewal	Apr 2002	20	20	readopt - proposed
Pharmacist - reciprocity		40	40	notice of intent
Pharmacist - examination		25	25	notice of intent
Pharmacist - reexamination		25	25	notice of intent
Pharmacist - renewal	Jun 2002	15	15	notice of intent
Pharmacist - intern/intern renewal		10	10	notice of intent
Pharmacy - application		20	20	notice of intent
Pharmacy - change of ownership/location		15	15	notice of intent
Pharmacy - renewal	Dec 2003	20	20	notice of intent
Pharmacy - nonresident	Oct 2003	20	20	notice of intent
Pharmacy - instate wholesale	Sep 2002	40	100	readopted
Pharmacy - out-of-state wholesale	Sep 2002	40	200	readopted
Controlled substance registration - manufacturer	Dec 2003	20	100	readopted

	<b>Next Renewal Date</b>	<b>Fee (old)</b>	<b>Fee (Proposed or New)</b>	<b>Status as of January 1, 2002</b>
Controlled substance registration - distributor	Dec 2003	20	100	readopted
Controlled substance registration - dispense/research	Dec 2003	20	100	readopted
Controlled substance registration - other	Dec 2003	20	100	readopted
Controlled substance registration - practitioner		20	60	readopted
Physical therapist - examination		30	0	proposed
Physical therapist - reexamination		30	50	proposed
Physical therapist - application		30	100	proposed
Physical therapist - renewal	Jun 2002	20	100	proposed
Physical therapist - temporary		10	50	proposed
Physician assistant - application		30	30	no change
Physician assistant - change physician		20	20	no change
Physician assistant - renewal	Jun 2002	20	20	no change
Podiatrist - application		40	100	intent to adopt
Podiatrist - endorsement		40	200	intent to adopt
Podiatrist - temporary		10	50	intent to adopt
Podiatrist - renewal	Jun 2005	30	200	intent to adopt
Podiatrist - inactive renewal		0	100	intent to adopt
Environmental health specialist - application		30	50	readopted
Environmental health specialist - renewal	Jul 2003	20	35	readopted
Psychology - application		40	100	final rules
Psychology - examination		40	0	final rules
Psychology - renewal	Aug 2002	30	100	final rules
Psychology - health service provider		40	100	final rules
Respiratory care - application		30	50	proposed

	<b>Next Renewal Date</b>	<b>Fee (old)</b>	<b>Fee (Proposed or New)</b>	<b>Status as of January 1, 2002</b>
Respiratory care - renewal	Dec 2002	20	50	proposed
Respiratory care - temporary		10	25	proposed
Respiratory care - student permit		0	25	proposed
Speech therapist/audiologist - application		25	150	readopted
Speech therapist/audiologist - renewal	Dec 2003	20	100	readopted
Speech and language aide - application		10	50	readopted
Speech and language aide - renewal	Dec 2003	10	25	readopted

After reviewing this report, the HPB provided the following background statement:

### **Background Statement**

In 1981, the HPB was established as an “umbrella agency” to provide administrative support to the various health regulatory boards and committees that had until then functioned totally separate and independent of each other, with independent budgets. The enabling legislation gave the HPB a specific mandate to “prepare a consolidated statement of the budget requests of all the boards in section 3 of this chapter.” IC 25-1-5-4(1). The legislation also provides that the bureau:

(2) may coordinate licensing or certification renewal cycles, examination schedules, or other routine activities to efficiently utilize bureau staff, facilities, and transportation resources, and to improve accessibility of board functions to the public; and

(3) may consolidate, where feasible, office space, recordkeeping, and data processing services.

Given the statutory mandate and direction, the HPB operates from a consolidated budget, as appropriated by the State Budget Agency, and bureau staff collectively performs numerous board functions and tasks through coordinated processes and procedures. As such, the HPB does not routinely maintain cost and expenditure records on a board-by-board basis. Also, various financial and accounting information that we must submit to the State Budget Agency and the State Auditor dictate reporting on an agency-wide basis, rather than board-by-board. However, the HPB does maintain cost and expenditure information in sufficient detail that when the need arises, we can extrapolate some costs attributable to specific boards, for example: board member per diem and travel; expenditures associated with the dentist and dental hygienist examinations; court reporter and administrative law judge expenses; and , portions of fees paid that are dedicated to the impaired nurses fund, the impaired pharmacist fund, and the Indiana University School of Optometry.

Also in 1981, IC 25-1-8-2 was enacted. It states:

**(a) Notwithstanding any other provision regarding the fees to be assessed by a board, a board shall establish by rule and cause to be collected fees for the following....**

**(b) In no case shall the fees be less than are required to pay all of the costs, both direct and indirect, of the operation of the board.**

Therefore, this statute supercedes all fee language in statutes enacted prior to 1981. All the boards have fee setting authority and the boards set the fee level through the administrative rulemaking process. Although only the boards have the authority to adopt fee rules, assisting the boards with the rulemaking process is one of many responsibilities that HPB staff performs pursuant to IC 25-1-5-4. That provision lists specific duties and functions that HPB staff must carry out on behalf of the

boards and committees, but that list does not truly capture the breadth of the services that HPB staff provide to practitioners, to the boards and committees, and to the public on a daily basis. Some examples of the tasks HPB staff routinely perform are:

- Develop license applications in written and electronic format
- Assist applicants with application process through telephonic, electronic and written communication
- Review applications and other documents for completeness and verify information
- Give examinations or facilitate administration of examinations by third parties
- Keep records of all persons licensed, regulated or certified
- Review license renewal applications and issue renewal or schedule applicant for personal appearance before the board or committee
- Schedule regular board and committee meeting
- Establish meeting agendas
- Draft and maintain meeting minutes
- Maintain records of all disciplinary pleadings and other documents filed with boards and committees
- Schedule hearings on disciplinary matters, issue hearing notices and arrange for presence of court reporter
- Execute orders, subpoenas, continuances and other legal documents
- Review and approve applications for board-approved continuing education
- Maintain a list of approved continuing education programs and sponsors
- Conduct audits of practitioner compliance with continuing education requirements
- Draft proposed rules and file required notices of rulemaking
- Respond to license verification inquiries
- Communicate with private counsel, the Office of the Attorney General, the media, and the public regarding litigation, including disciplinary actions and lawsuits involving the State
- Recommend legislation to the boards and committees to improve the operations of the boards, committees and the HPB
- Monitor practitioners on probation

In November 2000, in an effort to respond to demands from the boards and committees, practitioners, the general public and other stakeholders that the HPB provide more effective and efficient service, the HPB initiated an analysis of the agency organizational structure and work processes. State Personnel consultants assisted in the analysis. The analysis identified the origins of the HPB's customer service problems to systematic flaws in the organizational structure and workflow processes in the agency. At that time the HPB was organized into departments that were responsible for performing specialized tasks. An individual staff member's knowledge of agency processes and ability to perform tasks was limited to the specialized function of their department and there was very little teamwork. That organizational structure resulted in staff inability to appropriately respond to any inquiry outside of their limited scope of responsibility; severe delays

and lost efficiencies in moving paperwork from department to department; and little staff accountability.

The analysis of the agency organizational structure and processes ultimately led to the State Personnel Department and the State Budget Agency approving the reorganization of the HPB. The HPB began implementing the reorganization in August 2001. The reorganization strategy focused on a team-centered approach. The reorganized agency structure features seven board groups. Each board group has 2-5 boards or committees for which the staff provides administrative support. All staff within each board group are cross-trained and are responsible for performing all tasks to meet the needs of practitioners, boards and committees, the public, and any other stakeholders. The new organizational structure also adopts a case management approach, in which case managers are responsible for performing all functions associated with a particular applicant or practitioner. The HPB reorganization has successfully addressed many of the past complaints, has substantially improved our customer service and facilitates the agency operating in an efficient and coordinated fashion as envisioned in IC 25-1-5-4.